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TOGETHER

ANNUAL REPORT 2017



IN THE EVER-CHANGING REAL ESTATE LANDSCAPE REINZ IS HERE; REPRESENTING OUR MEMBERS, DRIVING THE AGENDA, CREATING OPPORTUNITY.

OUR INVESTMENT IN NEW TECHNOLOGIES WILL BRING RICHER INSIGHTS AND STREAMLINED PROCESSES SO MEMBERS CAN GET TO THE 'YES' FASTER AND SMARTER THAN EVER BEFORE. AS ALWAYS WE WILL CHAMPION UNCOMPROMISINGLY HIGH PROFESSIONAL STANDARDS AND, IN TURN, CELEBRATE THE ACHIEVEMENT THIS AFFORDS.

COME WITH US.

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Website
www.reinz.co.nz

REINZ House Price Index
www.reinz.co.nz/HPIindex

eForms
www.reinz.co.nz/eForms



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www.linkedin.com/company/REINZ/

**A
C
L I S T E N I N G
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E**

After more than 100 years in a pivotal industry role, REINZ continues to listen and actively seek to do better and deliver even more value.

15,000
MEMBERS



88%
RATE REINZ AS BEING
RELEVANT OR VERY
RELEVANT

81,698
PROPERTIES SOLD
BY MEMBERS



3,100,000

SEARCHES ON REINZ'S STATS PLATFORM
AROUND 22 SEARCHES PER MEMBER PER MONTH

50+
EVENTS

- INCLUDING:**
- MEMBER MEETINGS
 - PLUGGED IN SEMINARS
 - SECTOR BREAKFASTS
 - COMMERCIAL AND INDUSTRIAL CONFERENCE
 - RESIDENTIAL PROPERTY MANAGEMENT CONFERENCE
 - NATIONAL AUCTIONEERING CHAMPIONSHIPS



38
WINNER
AWARDS FOR
EXCELLENCE IN
REAL ESTATE



NEW ZEALAND MARKET SNAPSHOT

AS AT 30 SEPTEMBER 2017

MEDIAN NUMBER OF DAYS TO SELL

34

NZ EXCLUDING AUCKLAND: 32
AUCKLAND: 37

NUMBER OF PROPERTIES SOLD IN THE PAST YEAR

76,650

NZ EXCLUDING AUCKLAND: 54,029
AUCKLAND: 22,621

PROPERTIES SOLD BY AUCTION

12,536

NZ EXCLUDING AUCKLAND: 5,818
AUCKLAND: 6,718

MEDIAN PRICE

\$525,000

NZ EXCLUDING AUCKLAND: \$428,000
AUCKLAND: \$845,000

MEDIAN PRICE YEAR ON YEAR

+1.2%

NZ EXCLUDING AUCKLAND: +5.7%
AUCKLAND: 0% (no change)

VOLUME SOLD YEAR ON YEAR:

-26.2%

NZ EXCLUDING AUCKLAND: -23.7%
AUCKLAND: -31.5%

MEAN RENTAL PRICE

\$425

AUCKLAND: \$525

CHAIRMAN'S REPORT



IT IS WITH GREAT PRIDE THAT I PRESENT THE REINZ ANNUAL REPORT FOR THE YEAR ENDING 30TH OF JUNE 2017 ON BEHALF OF MY FELLOW BOARD MEMBERS. IT IS APPROPRIATE AT THIS TIME THAT WE SHOULD REMIND OURSELVES OF THE SIGNIFICANCE TO THE NEW ZEALAND ECONOMY OF THE REAL ESTATE INDUSTRY. RESEARCH FROM THE PROPERTY COUNCIL INDICATES THAT THE PROPERTY INDUSTRY DIRECTLY CONTRIBUTED AN ESTIMATED \$30 BILLION IN THE 2015/16 FINANCIAL YEAR AND EMPLOYED MORE THAN 160,000 PEOPLE. IN THE PAST 10 YEARS, PROPERTY HAS OVERTAKEN MANUFACTURING TO BECOME NEW ZEALAND'S LARGEST INDUSTRY.

The old saying that markets (including the real estate market) dislike uncertainty holds particularly true when the uncertainty in question concerns the direction and policies a new government is likely to adopt.

By swiftly announcing its plans to effectively ban non-resident foreigners from buying existing homes, the new Government has at least provided us with certainty around their intentions.

Some questions remain regarding how this new policy will be implemented; we will be working hard to ensure your interests are represented in any discussions concerning how the new rules will be designed and applied.

The Government has also promised to prioritise the creation of a new urban development authority, which will drive its planned KiwiBuild programme; immigration policies are another area with the potential to affect our industry.

While these policy changes are significant, our view is that factors such as interest rates and the number of New Zealanders emigrating (or returning home), will continue to have at least as much impact on the economy generally and our business in particular.

Broadly speaking, the property market continues to remain in a stable position. Prices are firm in the major cities and are increasing significantly in some of our provinces, however, volumes remain down which therefore is leading to the overall stable picture of the industry. Our economy is growing, inflation and interest rates remain low and the general economic background is stable for housing purchase and sale decisions.

High prices relative to income in the Auckland market continue to remain an issue however, as there is no short term or easy solution to the shortage of housing in Auckland; it will remain an expensive location for the foreseeable future particularly as volumes remain low.

Our members

REINZ has had another successful year which is testimony to the spirit of the Institute as it aims to meet the commitment of supporting our members' needs and deliver a compelling customer experience to ensure longevity and value of our industry. After all, our members are our sole reason for our existence.

We continue to strive to be the definitive voice for clarity and transparency in the industry and our drive to continually raise the professionalism of the industry continues unabated as we embark on a journey of evolution and being seen as a change maker in the industry; all the while appreciating the 100 plus years of history of the Institute and those who have gone before us.

People changes

In December 2016 we welcomed our new CEO, Bindi Norwell, to the organisation. By now many of you will have had the chance to meet Bindi in person as she's attended 48 industry meetings around the country and a number of different industry events in order to meet as many people as possible.

At our upcoming AGM, two of our Independent Directors – Richard Janes and Stephen Titter – will both be retiring from the Board. Over the past seven and three years (respectively) both Richard and Stephen have made a significant contribution to the Board and the strategic direction REINZ has undertaken. Since the inception of the new Board structure seven years ago, Richard has worked as Deputy Chair and his supportive style, his innovation and strategic views have contributed greatly to our development. On behalf of the Board I wish to thank them both.

In order to fill the vacant positions, the independent selection panel made up of industry bodies, has appointed two new Independent Directors to the Board - Miriam Dean QC and David McConnell.

Miriam has a strong legal and governance career spanning over 20 years. She was made Queen's Council in 2004, and a Companion of the New Zealand Order of Merit (CNZM) in 2011 for services to law and business. Miriam is currently Chair of the Banking Ombudsman Scheme and New Zealand on Air, a Director of Otakaro Limited and Crown Infrastructure Partners Limited, and a Trustee of the Royal New Zealand Ballet Board.

David has a background in business development, specialising in property, construction and infrastructure, and has been a key influence in the direction and leadership of the McConnell Family's business activities. David is Chairman of ATEED and Chairman of the University of Auckland Business School Advisory Board. In 2006 he received the Sir Peter Blake Emerging Leadership Award and in 2008, a prestigious Eisenhower Fellowship. David is a member of a notable New Zealand family known for their contribution to the business and public sectors.

We are delighted to have two Directors who bring so much experience to the Boardroom table and I look forward to working with them closely over the coming months.

Looking forward

There will be a number of interesting challenges for the industry to address in the current financial year 2017/18 particularly with the recent change in government, however, our focus remains on doing the basics well, supporting and leading our members. Our substantial growth has been achieved through our focus on continuous improvement in all aspects of our business and our absolute commitment to our members.

Directors' fees

During the recruitment process for the REINZ Board we asked for advice on recent movements in Directors' fees. The REINZ fees have remained unchanged since December 2014 and currently are at \$35,350 pa. The Chair's fee is \$70,700 pa.

The research included information from the 2016 Institute of Directors (IoD) Fees Survey and that recommended an increase in IoD Directors' fees to \$43,000. In respect of REINZ, the increase in fees since 2014 has been a minimal 1%. We are now recommending we align REINZ Directors' and the Chair's fees more closely with market rates, by increasing Directors' fees to \$40,000 pa and the Chair's fee to \$80,000 pa. The total cost to the Institute will be \$400,000. It is appropriate to note that it has not been the practice of REINZ to pay Directors' fees for additional activities such as regional activities or Board Committees such as Audit & Risk. Obviously, there will be ample opportunity to discuss this matter at the AGM where you will be asked to vote on the proposed increase.

Life membership nominations

Since the restructuring of REINZ in 2010, post the REA legislation, the criteria for life membership was extended beyond services to REINZ so as to recognise those who had contributed to the growth and success of the broader industry. Since 2010, 12 members have been acknowledged and celebrated for their achievements and their contributions.

This year the Board of REINZ has unanimously and proudly endorsed the nominations of Tim Mordaunt and Richard Cashmore. Of course, the membership will vote on the nominees at this year's AGM.

In closing

I would like to thank my fellow Board members for their hard work over the last 12 months and the entire REINZ team for their contribution to the overall performance of the organisation and last, but not least, our members. It has been an absolute pleasure to work with so many of you throughout the year and hear the success stories from across the country. I very much look forward to continuing to work with you all over the coming year as we continue to drive the development of REINZ as a world class membership organisation.

DAME ROSANNE MEO DNZM, OBE

Chairman
Real Estate Institute of New Zealand

CHIEF EXECUTIVE'S REPORT



IT GIVES ME GREAT PLEASURE TO PRESENT THE 2016/17 ANNUAL REPORT. THE REAL ESTATE INSTITUTE HAS A STRONG HISTORY OVER THE PAST 100 YEARS, SO I AM HUMBLLED TO BE PART OF SUCH A STRONG INDUSTRY BODY. IT HAS BEEN A SUCCESSFUL YEAR AND WE ARE THANKFUL TO OUR MEMBERS AND PARTNERS FOR THEIR CONTINUED SUPPORT.

Our key priority is to ensure we continue to add value, and best support and represent our members in the real estate industry. Our vision is to be a trusted partner, innovative and progressive, and very importantly; relevant in day-to-day business. We are very pleased that 88% of members who completed our research study stated that we are relevant.

This year, we've celebrated many highlights and achievements. We have continued to reshape the business in order to meet our objectives and priorities – especially in advocacy, technology and supporting industry professionalism and best practice. Personally, it has been very rewarding meeting and getting to know our members across the country, especially listening to different views and perspectives.

TOGETHER WE ARE STRONGER



Looking forward, we are very cognisant there is more to do, especially in an ever-changing market landscape. We are honoured to represent our members in the real estate industry and will continue to invest in areas that add value, so we continue to remain relevant both now, and in the future.

Highlights and Achievements

Advocacy & advisory

REINZ has continued working with government and policy makers on behalf of our members for a number of issues that impact our industry. This includes Anti-Money Laundering, the Residential Tenancies Act Amendment Bill and the adjustments to restrictions on high-LVR residential mortgage lending. We represented the industry on the National Standards Committee responsible for drafting the New Zealand Standard for the Testing and Decontamination of Methamphetamine Affected Properties (NZS8510), were a member of the Unit Titles Reform Working Group looking at the review of the Unit Titles Act and appeared in the Court of Appeal in relation to the REAA's practice of Police vetting licensees. REINZ made a number of submissions to the Government in order to represent the views of our members including on the Osaki Case, the Cates Bill, the Anti-Money Laundering and Countering Financing of Terrorism Amendment Bill and the New Zealand Institute of Forestry (NZIF) request for an exemption application under the REAA Act 2008. The NZIF exemption application saw us join with the New Zealand Law Society and the REAA to oppose the application. Additionally, in conjunction with the Auckland District Law Society, we drafted and released a revised agreement for the sale and purchase of businesses.

Technology initiatives

Technology continues to be a key focus and the team have been working diligently to develop useful and more flexible technology tools to add value to our members. Examples include the new eForms platform which comprised of an overhaul to the custom clauses, the ability to attach documents to a form, a full audit trail and the ability to transfer the forms between versions. We also developed the REINZ House Price Index – developed in conjunction with the Reserve Bank of New Zealand – which is the new 'gold' standard in monitoring house values and market activity. REINZ released Custom Territories in the statistics platform which allows members to define their own custom boundaries, essentially their preferred selling areas, and generate data from within those boundary lines. We also introduced the One-Click-Renewal process which was a faster, more streamlined process to our renewals.

Communications/PR

A key priority for REINZ is to continue being a trusted voice in the real estate industry. We have increased our media presence considerably and have advocated on a number of important issues affecting our industry such as the importance and benefits of using a licensed real estate agent.

Our monthly press release on industry data continues to be well used in New Zealand and globally reflecting our aim of being the voice of the real estate industry. The majority of coverage focuses on our residential, rural and lifestyle statistics which are highly anticipated by journalists across the country every month.

We also re-vamped the Real Estate Magazine with a new design in order to represent the more professional approach the Institute is taking overall.

New building

We were delighted to move to our new premises in Khyber Pass Road in April. In July the office building was officially opened by the Hon. Paula Bennett, Deputy Prime Minister. Ngāti Whātua Ōrākei performed a whakatau (formal welcome speech) and karakia (prayer) and a small number of guests including Life Members and industry heads joined the REINZ Board and team to celebrate with the people who had worked hard to bring the new building to fruition.

Events

In 2017, we continued to focus on delivering engaging events to our members nationwide including a number of sector breakfasts in Auckland featuring keynote speakers and our Commercial & Industrial breakfast saw a record attendance. We trialled two rural-specific seminars in Canterbury and Hamilton that were timed to coincide with Fieldays; the seminars were well-attended and feedback was positive, so we will repeat the seminars going forward.

It has been a significant year in meeting members across the country during a number of meetings where we have shared REINZ's vision and priorities to support members and the industry.

Our Superstars Breakfast featured a panel of six 'top performers' nominated by industry leaders around the theme of 'different markets require different mindsets' and May saw the advent of our second REINZ Women's Breakfast – another successful event.

OUR ROLE IS TO HELP SUPPORT OUR MEMBERS TO BUILD THEIR BUSINESSES AND I AM PERSONALLY REALLY EXCITED ABOUT OUR FUTURE OVER THE COMING YEARS.

The National Auctioneering Championships, held in June, was won by Ned Allison and runner up was Mark McGoldrick. The 'Rising Star' competition was won by Tim Snell and the runner-up was Caleb Griffioen.

In August 2016 we held the REINZ Conference in Wellington. The Residential Property Management conference was held over two days, the Commercial & Industrial conference over one and the Business Broking conference over one day.

The REINZ Awards of Excellence in July 2016 were designed to recognise individual and company excellence in the real estate industry, and saw us hand out 38 awards at the Auckland Museum.

Education

We held 21 Verifiable Training sessions in 19 locations throughout New Zealand (from Kerikeri to Dunedin) which were attended by more than 1,400 members. Additionally, we ran 7 targeted and branded Verifiable Training sessions for specific agencies with an additional 474 members attending these sessions.

Once again, our online Verifiable Training videos proved to be popular with more than 2,300 members using these sessions to complete their Verifiable Training.

Membership

We undertook a significant piece of industry research which identified that 88% of members said they felt that REINZ was relevant or very relevant as an organisation.

We were also pleased to welcome 83 new Agency Member offices to the Institute.

The team distributed more than 15,000 REINZ ID cards that provided access to a range of benefits for the membership year 2016/2017 and provided support, through more than 18,000 phone calls and a significant number of emails, to the 15,000 plus individuals who used our products and services – namely eForms and statistics.

Member benefits

We were delighted to bring members two new member benefit organisations during the financial year – BMW/Mini Cooper and MercerMarsh life insurance. We're continuing to work hard on behalf of our members to find partnerships that support you on a daily basis, that make your life easier and of course, save you money.

Financial performance

The 2017 financial year has been solid for REINZ with our operating surplus having increased year-on-year. This positive result has enabled us to invest in new products and services to benefit our members. A short summary is below (and a more detailed account can be found in pages 22-25):

	2017	2016
Operating Revenue	\$5,087,999	\$5,102,609
Interest & Dividend Revenue	\$512,519	\$210,917
Income from PDIF	\$242,478	\$157,335
Total Revenue	\$5,842,996	\$5,470,861
Trading Surplus/Operating Surplus (before profit from equity investments)	\$442,759	\$125,193

REINZ continues to invest heavily in technology, with internal and external staff developing applications purpose-built for members, as well as integrating with members' own systems. This development will continue into the foreseeable future to build reporting tools which will assist the industry in enhancing the professional relationships its members have with their customers, and in improving business performance.

Outlook for 2017/18

Our role is to help support our members to build their businesses and I am personally really excited about our future over the coming years. As an organisation we continue to look globally to the real estate industry, and other industries, for opportunities that will empower members and help free up their time allowing them to spend more time with their clients.

In the next year we look forward to releasing many new enhancements and technology developments for our members. This includes a fully overhauled new search function, council data including property management and commercial/industrial data, an open home kit and new technology partnerships. We will be expanding the platform for more eForms, make it more compatible on tablets and introduce a form of digital signing.

We look forward to working with the industry on key government policies and areas that will impact the industry – particularly now there is a new government in place.

The REINZ team is excited about building on our education services to help ensure we continue to provide the industry with the thought leadership it needs, and to build on the professionalism of the industry.

Conclusion

I would just like to take a moment to thank you, our members, for your generous and warm welcome to the industry – your support is important to us and we are grateful for your help. Together we are stronger.

I would like to thank the Board for their dedication, unwavering support and of course, their expertise. Together, we have achieved a number of great things this year and I look forward to achieving even more in the 2017/18 financial year.

Last, and not least, I would like to express my thanks to those who support REINZ's day-to-day role – our District Forum Leaders (now known as REINZ Ambassadors), our industry segment specialists and of course, the REINZ team.



Bindi Norwell
Chief Executive





V A D V O C A C Y I C E

When the going gets tough, or clarity is required, REINZ will be an advocator and voice for our members and the industry.

Methamphetamine Standard (NZS8510)

REINZ represented the real estate industry on the National Standards Committee that was responsible for drafting the New Zealand Standard for the Testing and Decontamination of Methamphetamine Affected Properties (NZS8510). The Standard was released in June, coinciding with the release by REINZ of comprehensive Information Sheets to assist licensees and property managers when dealing with properties that are, or may be, affected by methamphetamine. The Information Sheets have been endorsed by the REAA.

Anti-Money Laundering

REINZ has been proactively engaging with the Ministry of Justice regarding the application of the new Anti-Money Laundering legislation to the real estate industry. REINZ filed two sets of comprehensive submissions in an effort to ensure that the legislation is workable for real estate agents. REINZ holds a seat on the working group that has been established to provide feedback to the Ministry of Justice on the upcoming Anti-Money Laundering regulations. REINZ is also working with experts to produce an Anti-Money Laundering compliance solution to assist members to comply with their obligations when they come into force in 2019.

Residential Tenancies Act Amendment Bill

REINZ submitted on the Residential Tenancies Act Amendment Bill to support greater access by property managers to properties where methamphetamine use or manufacture is suspected. REINZ also called into question in its submission the workability of a proposal in the Bill to penalise landlords if a property fails to comply with "any" legislation.

Exemption Applications

REINZ, along with the New Zealand Law Society and the REAA, opposed an application by the New Zealand Institute of Forestry (NZIF) for an exemption from the licensing regime of the REA Act. Whilst the exemption was ultimately granted, REINZ successfully submitted against NZIF members having the ability to draft sale and purchase agreements. As a result, NZIF members may not draft agreements.

REINZ is also currently opposing an application for exemption by the Property Institute of New Zealand.

Agreement for Sale and Purchase of a Business

REINZ, in conjunction with the Auckland District Law Society, drafted and released a revised agreement for the sale and purchase of businesses. The Agreement has been simplified and amended to include additional clauses such as a standardised purchaser due diligence clause.

Police Vetting of Licensees

REINZ represented its members in the Court of Appeal in relation to the REAA's practice of police vetting licensees. The Court of Appeal confirmed that the registrar of the REAA had been acting outside its powers by insisting that agents consent to police vetting.

D R I N G I N N O V A T I O N

The technology, data and innovation team at REINZ have been working diligently over the last year to develop more flexible technology tools to add value for our members.

eForms

The new eForms platform was fully released with updated eForms to our members this year. A significant piece of work, the site replaced the legacy eForms which had been available in the current structure and format for over ten years. Several key advantages were added for this iteration of the platform, including an overhaul to the custom clauses, the ability to attach documents to a form, a full audit trail and the ability to transfer the forms between versions. Over the next year we will be expanding the platform for more eForms, make it more compatible on tablets and introduce a form of digital signing.

REINZ House Price Index

The culmination of a significant project with the Reserve Bank of New Zealand, REINZ was pleased to release the new 'gold' standard in monitoring house values and market activity, the Enhanced HPI. A house price index is a cornerstone of undertaking a true assessment of current market conditions, and with the help of the Reserve Bank, REINZ has released this valuable tool for agents and economists, a tool which underpins the professionalism and value our industry and members bring to the New Zealand economy.

Custom territories

In preparation for the release of new features in our statistics website over the next year, the data team at REINZ released a new custom territory system for our members. After spending the past year or more geospatially plotting all our data onto a map, this fantastic new feature allowed our members to define their own custom boundaries, essentially their preferred selling areas, and generate data from within those boundary lines. No longer are our members restricted to information based on other definitions or boundaries, but they can define their own – either combining existing boundaries together, such as two, three or more suburbs, or just draw their own boundary on the mapping tool.

One-Click-Renewal

The team at REINZ continue to develop new and innovative ways to make membership renewal easier for our members and in 2017 we introduced a faster, more streamlined process to our renewals with the one-click system. Essentially, this allowed our members to renew their membership within minutes, a process that has improved from a fully manual one just three years ago. We have also introduced automated billing systems and transparency to the billing process, so every office knows what to expect in their invoices for membership.

Coming up

In the next year we look forward to releasing many new enhancements for our members. This includes a fully overhauled new search, council data including property management and commercial/industrial data, open home kit and new technology partnerships.



LOOKING

FORWARD

Looking forward, the vision for REINZ is threefold – it's to be:

A trusted partner

Advocating on behalf of you, our members. Our goal is to be out there being a voice for the industry, aiming to drive the agenda with government and policy makers to ensure any changes that have a potential impact on the industry are practical and reflect real estate best practice. The voice we use on your behalf aims to increase transparency in the industry and make sure we're the leading voice in the market. We advocate in the media on many issues (including healthy homes, LVRs, property flipping, commissions, statistics) to set the story straight on your behalf and to make sure the story is clear – all the while advocating of behalf of the industry and aiming to build trust in the industry.

Innovative and progressive

We aim to make your lives easier by leveraging the data that we know is so important to you and your clients, and we want to continue our progression of providing you with more digital tools in order to reduce some of the administrative burden you face on a daily basis. At the same time, we look forward at all the technology around us here in New Zealand and abroad in order to leverage opportunities, particularly in the 'tech' space, to make sure we're ideating and co-creating with our members to deliver really useful tools for your day-to-day business.

Relevant

We aim to listen, understand your viewpoints and make sure we develop to be a relevant organisation that represents you, our members. Part of being relevant means we continue to help raise the professionalism of the industry, by developing a range of best practice tools and services, industry events and networking opportunities. We look forward to sharing updates around our Centre of Excellence Education Strategy over the coming year.

BOARD OF DIRECTORS

The REINZ Board is comprised of nine members, of which two are appointed Independents, two are appointed Industry Representatives and five are elected Regional Directors.

The current Board members are:



DAME ROSANNE MEO ^{DNZM, OBE}
Independent

Auckland-based Dame Rosanne Meo has worked as a company director for over 25 years being amongst the first professional women directors in New Zealand. Her directorships have principally been in New Zealand but also in Australia, and cover both public and private companies, SOEs as well as extensive work in the voluntary sector, particularly in the arts and community support. She is currently Chair of Briscoes Group and AMP NZ Staff Superannuation Schemes, a director of Overland Footwear and patron of the Auckland Philharmonia Orchestra.



STEPHEN TITTER
Independent

Stephen is an Independent Director and has directorships with Realestate.co.nz Limited, BRANZ and The Selwyn Foundation. His significant previous roles include being Senior Partner and Board member at Ernst & Young, Auckland and Sydney. The professional expertise Stephen brings to this role includes strategic thinking, understanding of financial reporting and risk management, governance, transactions analysis and implementation, business merger integration, business growth and investment, intellectual property, and business structuring and taxation. Stephen is a Chartered Accountant and a Member of the New Zealand Institute of Directors.



DR RICHARD JANES
Independent

Richard is an experienced professional company director with appointments in both the private and public sectors. His current appointments include directorships of Gallagher Group Limited, Callaghan Innovation Ltd, Ngai Tahu Seafoods Ltd and Deputy Chairman of CentrePort Ltd. He is a member of the Disciplinary Tribunal of the New Zealand Institute of Chartered Accountants and a Chartered Fellow of the Institute of Directors.



MARK COFFEY ^{MBA, AREINZ}
Regional Director: Region 3

As the owner and Managing Director of Tommy's Real Estate in the Hutt Valley Mark has overseen the growth of the business since its beginnings in 2000 as a startup to now being one of the largest firms in the Hutt Valley. Prior to real estate, Mark worked in mechanical engineering for almost 18 years. Following a change in direction, Mark completed his MBA through Henley Management College in 2001 and attained his AREINZ in 2003. As a Board member of the New Zealand Realtors Group for several years Mark has the benefit of understanding the market dynamics of a number of regions throughout New Zealand.



JIM DAVIS ^{AREINZ}
Regional Director: Region 4

Jim's real estate career spans 30 years, commencing with Gillman Real Estate as a salesperson. Following time as a consultant, Jim moved through management roles into business ownership. Since 2002, Jim has undertaken numerous roles with Harcourts. Jim understands the needs of independents, franchisees, large and small real estate operations having worked in all these areas. He previously served two terms on the old Canterbury/Westland REINZ committee and time on the old Regional Disciplinary and Mediation Committees. More recently, Jim has worked on the REINZ rural special interest group.



GAIL HUDSON ^{AREINZ}
Regional Director: Region 5

Gail started her real estate career in Christchurch after a successful marketing and sales career. In 2010 Gail undertook a management/ownership role of a real estate business in Wanaka and in 2012 completed a Diploma in Business Studies in Real Estate. Gail's most recent role is as General Manager of Bayleys Queenstown. Gail has represented REINZ in the Queenstown Lakes District as District Forum Leader and with 15 years in the industry is now proud to represent Otago, Southland and Central Otago Lakes area as the Regional Board Member.



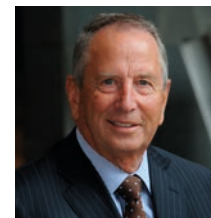
BRYAN THOMSON ^{FREINZ}
Appointed Director: Region 1

Bryan has an impressive track record during almost 25 years in the real estate industry working in positions throughout New Zealand ranging from a sales consultant to senior management. An experienced director based in Auckland, Bryan was Chief Executive of Harcourts New Zealand for 8 years before being appointed to the role of Head of Real Estate Operations for Harcourts Australasia in April 2010. Bryan now runs his own business consultancy practice, within and outside the real estate industry, Thomson & Associates. Bryan oversees the Institute's Auctioneers Sector Group.



WENDY ALEXANDER ^{FREINZ}
Regional Director: Region 1

Wendy's real estate career spans more than 35 years. She joined Barfoot & Thompson more than 20 years ago as Training Manager and was subsequently appointed Business Development Manager, then General Manager, and has been Chief Executive for a number of years now. Wendy is responsible for the operational aspects of 74 branches including 3 commercial branches and more than 2,500 people. Wendy is a fellow of REINZ and oversees the Commercial & Industrial Sector Group. Wendy is also actively involved with the New Zealand Realtors Group.



PHILIP SEARLE ^{FREINZ}
Regional Director: Region 2

Born and bred in Gisborne, Philip has served on the Institute's Waikato/Bay of Plenty/Gisborne District Committee for close to a decade with three years as District President. In 2010, he was elected as Director of Region 2 for the Institute. Philip has extensive experience gained from his involvement with the Institute and community organisations, running an agency, property development and involvement in the horticultural industry. Philip oversees the Business Brokers Sector Group and serves on the Documents and Precedents Committees.

TERM OF SERVICE

Independent and Industry Board Members

The Board comprises five elected and four appointed members. Two appointed members must be Independent, and one of the industry appointments must be from Region 1. These four Board members are appointed by an Appointments Panel. Appointments are for a two-year period commencing from the AGM, typically held in October each year. In 2016, Dame Rosanne Meo (Independent) and Bryan Thomson (Region 1 member) were re-appointed for further two-year terms.

Regional Directors

Five Regional Directors are elected by members. These positions are similarly for a two-year term. To maintain a level of continuity on the Board and to ensure we are never in a position where all Regional Directors are new in the same year, the Regional Director positions are rotated as follows:

- Regions 1, 3 and 5 are rotated in years ending with an odd number
- Regions 2 and 4 are rotated in years ending with an even number.

Elections for the Region 1, 3, and 5 Directors have been completed and any new Directors will be declared at the AGM, with their appointment to take effect from the end of the AGM.



Independent Auditor's Report

To the Members of The Real Estate Institute of New Zealand Incorporated

RSM Hayes Audit

Newmarket, Auckland 1149
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Opinion

The summary financial statements, which comprise the summary statement of financial position as at 30 June 2017, the summary statement of comprehensive revenue and expenses, summary statement of changes in net assets/equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of The Real Estate Institute of New Zealand Incorporated for the year ended 30 June 2017.

In our opinion, the accompanying summary financial statements set out on pages 22 to 25 are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the Public Benefit Entity Standards Reduced Disclosure Regime (PBE RDR). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report of The Real Estate Institute of New Zealand Incorporated thereon which was issued on 3 October 2017. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Other information

The directors are responsible for the other information. The other information included in the Annual Report on pages 1 to 20 and 26 to 29 (but does not include the summary financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the summary financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the summary financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible on behalf of The Real Estate Institute of New Zealand Incorporated for the preparation and fair presentation of the summary financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor, we have no relationship with, or interests in, The Real Estate Institute of New Zealand Incorporated.

9 November 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	592,386	3,459,644
Receivables from exchange transactions	435,941	125,808
Prepayments	29,277	162,588
Inventories	6,134	6,061
Owed by related parties	23,000	134,950
Tax receivable	991	6,756
	1,087,729	3,895,807
Non-current assets		
Property, plant and equipment	9,076,962	5,171,786
Intangible assets	575,077	270,872
Other financial assets	2,653,906	2,386,702
Investment in associate	1,752,466	1,665,513
	14,058,411	9,494,873
Total assets	15,146,140	13,390,680
LIABILITIES		
Current liabilities		
Borrowings	150,000	–
Payables from exchange transactions	1,724,745	655,526
Employee benefits	85,882	79,353
	1,960,627	734,879
NET ASSETS/EQUITY		
Net assets/equity attributable to owners	13,185,513	12,655,801
Total equity	13,185,513	12,655,801
Net assets	13,185,513	12,655,801

Pages 22 – 24 are summary financial statements taken from the audited Financial Statements of the Real Estate Institute of New Zealand Incorporated for the year ended 30 June 2017 which are prepared in compliance with PBE Standards. These individual full financial statements were authorised for issue on 25 September 2017 by the Board of the Real Estate Institute of New Zealand Incorporated and an unmodified audit opinion on those statements was also issued on 3 October 2017 by RSM Hayes Audit. The full financial statements have been prepared in accordance with External Reporting for public benefit entities, are presented in NZ dollars (rounded to the nearest dollar) and contain a statement of compliance with PBE Standards Reduced Disclosure Regime. These summary financial statements cannot be expected to provide a complete understanding as provided by the full financial statements. For full financial statements, please view it on or download it from the Institute's website at www.reinz.co.nz [search "Annual Report"].

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
Membership fees	3,766,479	3,405,743
Services provided to members	914,679	999,703
Statistics revenue	18,035	331,995
Commissions and rebates	321,540	327,506
Other revenue	67,266	37,662
Total revenue (excluding gains)	5,087,999	5,102,609
Direct costs of services	735,454	1,007,401
Depreciation and amortisation	345,736	294,323
Salaries and wages	2,046,975	2,059,383
Other expenses	2,272,072	1,984,560
Total expenses	5,400,237	5,345,668
Finance income	619,875	330,174
Net finance income	619,875	330,174
Operating surplus	307,637	87,115
Other gains and losses	135,122	38,078
Profit from equity accounted investees	86,953	818,788
Net surplus for the year before income tax	529,712	943,981
Income Tax Expense/(Benefit)	–	–
Total comprehensive revenue and expense for the year	529,712	943,981

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
Accumulated funds 1 July	12,655,801	11,711,820
Total comprehensive revenue and expense for the year	529,712	943,981
Accumulated funds 30 June	13,185,513	12,655,801

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts	5,644,816	5,158,190
Interest and tax received	102,769	241,378
Dividends received	522,871	90,076
Cash paid to suppliers and employees	(4,712,465)	(9,205,994)
Net cash inflow/(outflow) from operating activities	1,557,991	(3,716,350)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(132,082)	(247,250)
Purchase of intangible assets	(549,907)	(240,085)
Purchase of property, plant and equipment	(4,005,210)	(343,446)
Proceeds from repayment of related party loans	111,950	128,102
Net cash inflow/(outflow) from investing activities	(4,575,249)	(702,679)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	150,000	–
Net cash inflow/(outflow) from financing activities	150,000	–
NET ASSETS/EQUITY		
Net increase/(decrease) in cash and cash equivalents	(2,867,258)	(4,419,029)
Cash and cash equivalents at 1 July	3,459,644	7,878,673
Cash and cash equivalents at 30 June	592,386	3,459,644

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

The full financial statements from which these summary financial statements are extracted from are compliant with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Institute is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE Standards on the basis that it does not have public accountability and it is not defined as large. Full details of the policies adopted are available in those full financial statements. They are presented in New Zealand dollars.

These summary Financial Statements comply with PBE Standards as they relate to summary financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

This is the first set of financial statements of the Institute that is presented in accordance with PBE Standards RDR.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under NZ caused by first time application of PBE standards RDR.

3. RELATED PARTY TRANSACTIONS

(a) Realestate.co.nz Limited

The Institute is a shareholder of Realestate.co.nz Limited via an intermediary REINZ Member Services Limited which is a wholly owned subsidiary of the Institute.

During the year, a total of \$667,696 was received from Realestate.co.nz for software licence fees \$10,000 (2016: \$10,000), a dividend of \$500,000 (2016: nil), Sponsorship and advertising of \$21,500 (2016: \$64,000), and \$136,196 for reimbursement of construction works (2016: nil).

(b) REINZ Ventures Limited

The Institute is a shareholder of REINZ Ventures Limited via REINZ Member Services Limited.

During the year the Institute invoiced REINZ Ventures Limited (RVL) a total of \$33,000 for supply of inputs (2016: nil). As at year end, there were total payables outstanding from RVL relating to supply of inputs of \$33,000 (2016: nil).

To enable in the establishment of REINZ Ventures Limited in 2014, the Institute provided an interest free loan of \$134,950. During the year this loan has been fully repaid. No amounts remain outstanding as at balance date (2016: \$134,950).

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

4. CAPITAL COMMITMENTS

At balance date there were no capital commitments (2016: \$4.0m refurbishment costs).

5. CONTINGENCIES

The Institute has no contingent liabilities at 30 June 2017 (2016: nil).

6. EVENTS SUBSEQUENT TO BALANCE DATE

The Board is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Institute.

REALESTATE.CO.NZ CHAIRMAN'S REPORT



WE NEVER FORGET OUR UNIQUE ROLE IN THE INDUSTRY AND THE PRIMARY IMPORTANCE TO ENHANCE AND STRENGTHEN OUR RELATIONSHIPS WITH OUR AGENT FAMILY AND THEIR CUSTOMERS, BY DEMONSTRATING WE ARE ABSOLUTELY COMMITTED TO EVER LOOKING TO INCREASE SERVICE, QUALITY, RELIABILITY AND INNOVATION.

Realestate.co.nz's 11th year. A year of strong results, game changing developments in technology, huge investment in staff expertise and a major consumer and agent brand campaign. We had a very successful year.

2017 achieved a marked improvement in performance across all divisions. However, the stand out change has been within the business itself. Realestate.co.nz has moved to the next level of maturity, consolidating our market position as a dominant player, with both recognised quality products and service delivery. There were many milestones exceeded, a few have been highlighted on the following page.

Brand marketing

FY2017 saw the evolution and refreshing of our brand, resulting in our brand recognition taking a major leap forward. Our increased investment in brand development, and a multi-channel advertising campaign, contemporaneously with an intensive launch of our social media strategy has resulted in our latest independent survey reflecting our brand recognition having doubled this financial year.

Industry support

Our agent family continues to be a critical factor in our business success and it is important to acknowledge their overwhelming support, which continues to increase year by year. The expanded external sales team together with the launch of our internal sales support team has strengthened our relationship with all agency groups and the benefits have flowed both ways. Every decision is underpinned with how can we become more valuable to our agent customers.

It was also rewarding to observe the strengthening working relationship our Management team is having with the team from REINZ. The benefits flowing from this teamwork is already contributing to reduced duplication of developments and re-focusing on the priority issues that will increase value to our clients.

Technology

A critical requirement for our future operation was to replace our legacy technology, which was rapidly holding back our pace for introducing market innovations. This year we engineered a total platform redesign, rebuilt all our products using the latest software and now have a platform to enable complete flexibility with development and of equal importance the opportunity to seamlessly interface with other world leading products. Already the benefits from these developments are flowing into the market.

Media and data

Our evolving technology strategy has created a new core business for the company, "*the business of data and display media*". Our ability to collect unique data points from multiple sectors, including Salesforce Data Management Platform, Google Analytics and Amazon has created a valuable asset, which is forecasted to have significant income potential and at the same time will provide meaningful market intelligence for our industry. Diversification and growth of this business sector will help our company to be less impacted from any significant market fluctuations arising in the real estate market.

Financial

The financial results for the year were a little over budget but down on the previous year. This was not a reflection of reduced business but a strategic decision taken by the Board to increase investment in technology, deliver a brand refresh

and development of a new advertising campaign, all needed to keep in front of market change and competitive activity. Our forecast projects this investment will realise increased returns for the 2018 financial year.

Our working capital position remains strong with sufficient financial liquidity to fund our extensive product development. Our trading results and the company's net asset position reflects a healthy financial outlook.

Globalisation

No longer do we consider our business is protected by national boundaries – our products are global and to optimise opportunities for our market, our Management team have established an international network amongst leading property portals, allowing us to continually benchmark our operation to the world's best. Furthermore, this network has enabled access to value added third party products which can cost effectively be launched to our market. Our current ability to deliver property listings to multiple worldwide property websites is such an example.

Outlook

Looking ahead Realestate.co.nz must continue to have "the best" value digital product for the real estate industry. In 2017-18, several sophisticated products will be launched: a new website, a new agent platform, a market leading property valuation tool, online listing management tool, and a social media promotional tool to name a few.

Our market is in continual change with greater competitive pressure and the 2018 financial year is undoubtedly creating more challenges than we have seen in the preceding years. However, the Board remains confident we are well positioned to meet these hurdles and fully support our agent customers to optimise their market revenue opportunities.

On behalf of the Board, I would like to acknowledge the efforts of our senior leadership team and to thank both of our investors, REINZ Member Services Limited and Property Page NZ Limited for their ongoing support. We are looking forward to a busy and productive year ahead.

FAIRFAX MORESBY
Chairman
Realestate.co.nz Ltd

LIFE MEMBERS OF THE REAL ESTATE INSTITUTE OF NEW ZEALAND

We acknowledge the contributions of the following life members

1985	Mervyn Neill
1991	Trevor Johnston
1991	Garth Barfoot
1995	Peter Cook
1998	Clyth MacLeod
2001	Brian MacPherson
2003	Joan Harnett-Kindley
2003	Donald Kindley
2003	Max Robert Oliver
2006	Rex Hadley
2006	Graham Snell
2007	Roger Stark
2007	Graeme Woodley
2009	Murray Cleland
2009	Paul Dudding
2009	Howard Morley
2011	Peter McDonald
2011	Peter Thompson
2011	Mike Elford
2011	Stephen Collins
2012	Ross Foreman
2013	Neville Falconer
2015	David Rankin
2015	Jo-Anne Clifford
2015	John Bayley
2016	John Griffin
2016	Ian McDowell

DIRECTORY

AS AT 30 JUNE 2017

Date of Incorporation	17 February, 1927 (Incorporated under The Incorporated Societies Act, 1908)
IRD Number	10 677 858
Incorporation Certificate Number:	1927/3 (Currently Certificate 222891)
Directors	Dame Rosanne Meo (Chairman) Dr Richard Janes Mr Jim Davis Mr Mark Coffey Ms Gail Hudson Mr Stephen Titter Mr Philip Searle Ms Wendy Alexander Mr Bryan Thomson
Auditor	RSM Hayes Audit
Bankers	Bank of New Zealand Newmarket, Auckland



REINZ | REAL ESTATE
INSTITUTE OF
NEW ZEALAND

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